

Creating A New Corporate Culture for Sustainable Growth and High Performance: A Case Study

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Two Views of Businesses

Efficiency View	Stakeholder Approach
<ul style="list-style-type: none">• "Business of businesses is making their businesses",• "Outsider" system of governance,• Corporate management is responsible to their employers,• Financial results are critical, other factors are important as much as they contribute to financial results.	<ul style="list-style-type: none">• "Business as a part of society",• "insider" system of governance,• Corporate management is responsible to stakeholders of the company: employees, suppliers, purchasers, investors and consumer groups,• Results of managerial actions upon every stakeholder have to be considered.

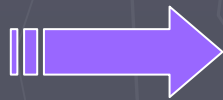
A New Paradigm

- ▶ “In today’s world, where ideas are increasingly displacing the physical in the production of economic value, competition for reputation becomes a significant driving force, propelling our economy forward. Manufactured goods often can be evaluated before the completion of a transaction. Service providers, on the other hand, usually can offer only their reputations.”

Alan Greenspan (1999)

Corporate Reputation

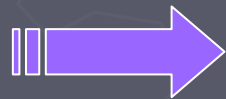
- ▶ "... a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all of its constituents when compared with other rivals" (Fomburn)
- ▶ Several factors pushed emphasis on corporate reputation.
- ▶ Corporate reputation:
 - Increases motivation and productivity of employees,
 - Increases consumers' loyalties,
 - Attracts investors,
 - Creates suitable environment of favorable press support,
 - Reduces operational costs...



Increased interest on the issue by professionals, media and academicians

Methodological Confusion

- ▶ Increased interest on the issue by professionals, media and academicians

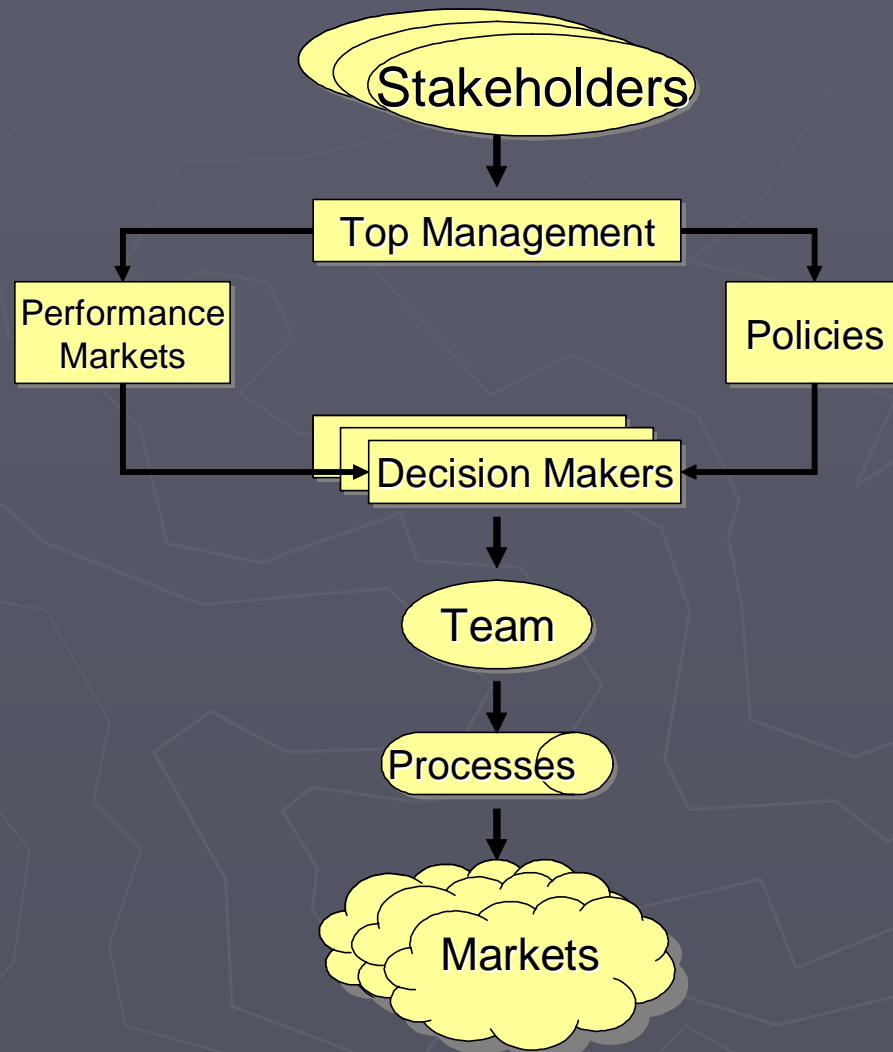


Methodological confusion:

- Several different measures of reputation,
- The area doesn't have a common language,
- Proprietary products are incomparable,
- Confusion of clients.

- ▶ Methodological confusion is not surprising:
 - ▶ Foundations of a new paradigm,
 - ▶ Institutionalization of the new paradigm.

Multiple Stakeholders: Multiple Markets



Multiplicity of Markets

Employees: Labor Market
Customers: Consumption Market
Investors: Investment Market

Optimization Problem

Different stakeholders: Different Markets

- Factors affecting perceptions of different stakeholders about reputation of a company are not same.
- “plurality of stakeholders”.
- Fallacies:
 - ▶ Using same battery of factors for every stakeholders,
 - ▶ Emphasizing only on one of stakeholders,
 - ▶ “external validity” problem

Different Environments: Different Structures

- ▶ Corporate reputation: “collective opinions of the members of a social group”,
- ▶ It is subject to “fundamental attribution error”,
- ▶ Perceptions of stakeholders are not invariable over time.
- ▶ Using same index of corporate reputation guarantees internal validity but undermines the effect of environment on perceptions.

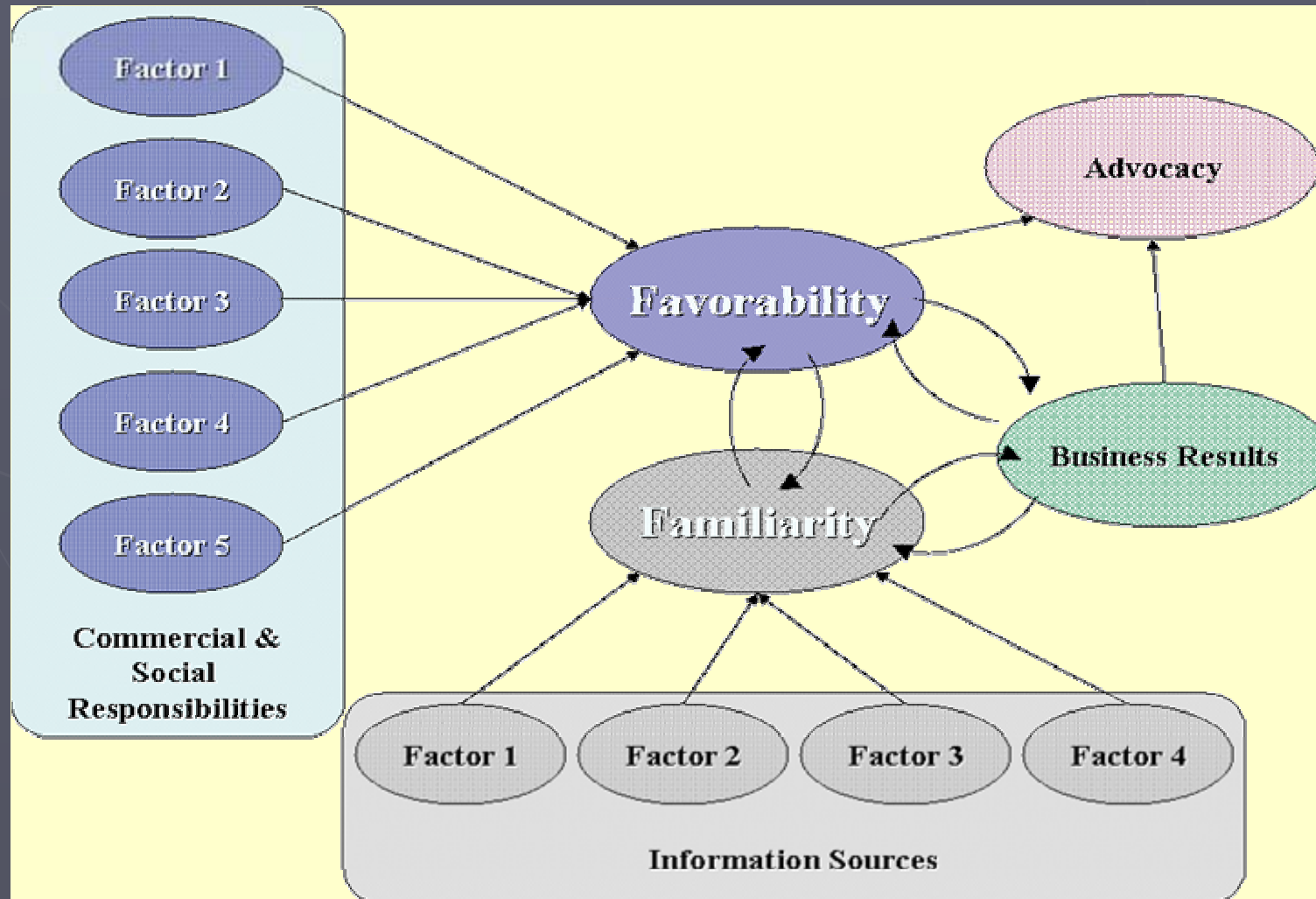
KOÇSİM Project

- ▶ Turkish Acronym of “Corporate Strategic Communication Model of the Koç Holding”,
- ▶ Project launched by a consortium: Two prominent public relations companies and a marketing research firm,
- ▶ Major target: “to create an ideal environment of interactive communication between the Holding and all stakeholders...”
- ▶ Significant research effort:
 - Conducted annually by 1999,
 - 15,000 interviews among 11 stakeholders,
 - 6,000 interviews with the general public,
 - 6,000 interviews with the employees of 40-60 affiliate companies,
 - 3,000 interviews with other nine stakeholders.

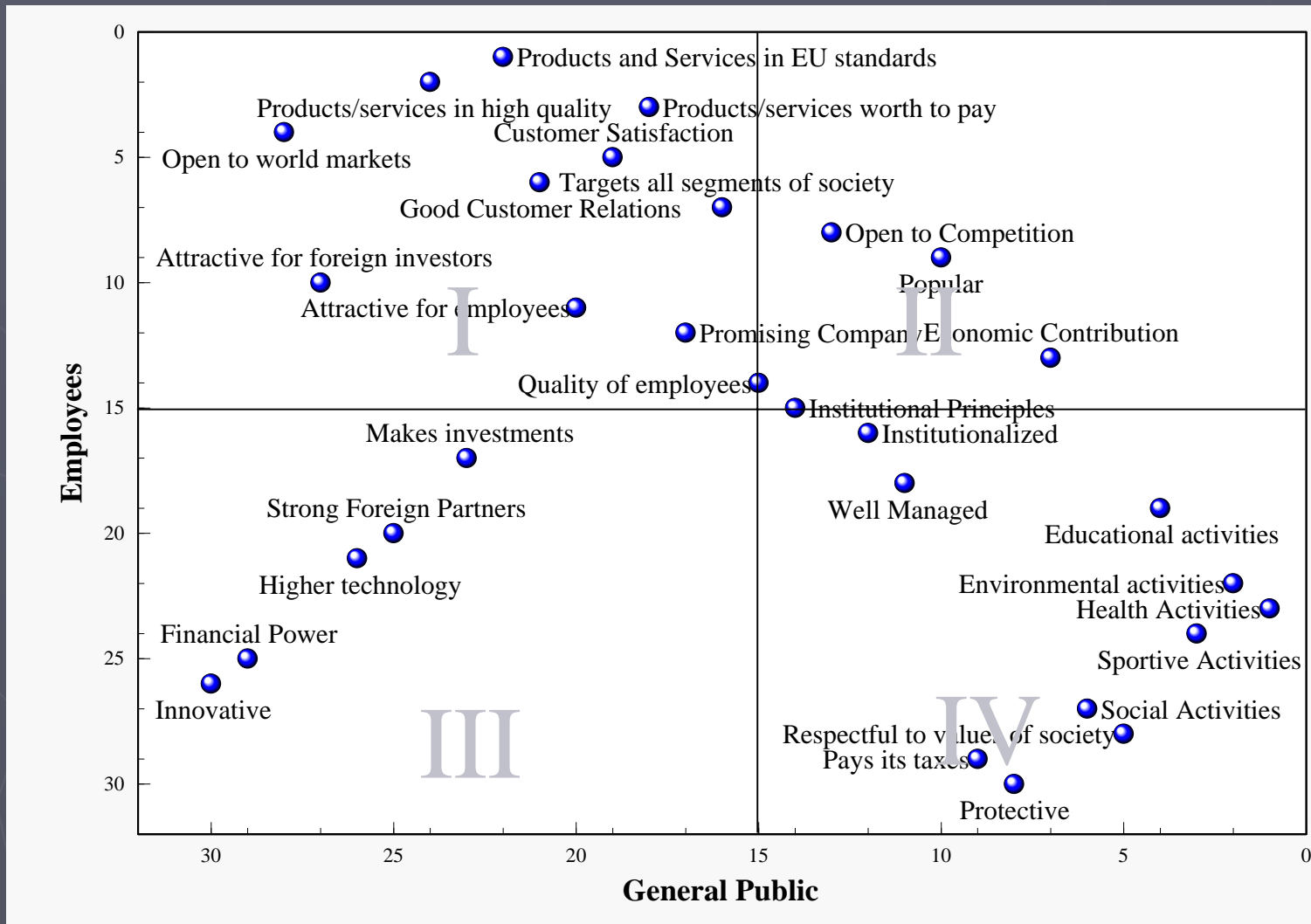
Research Processes



Interaction Model of Corporate Reputation

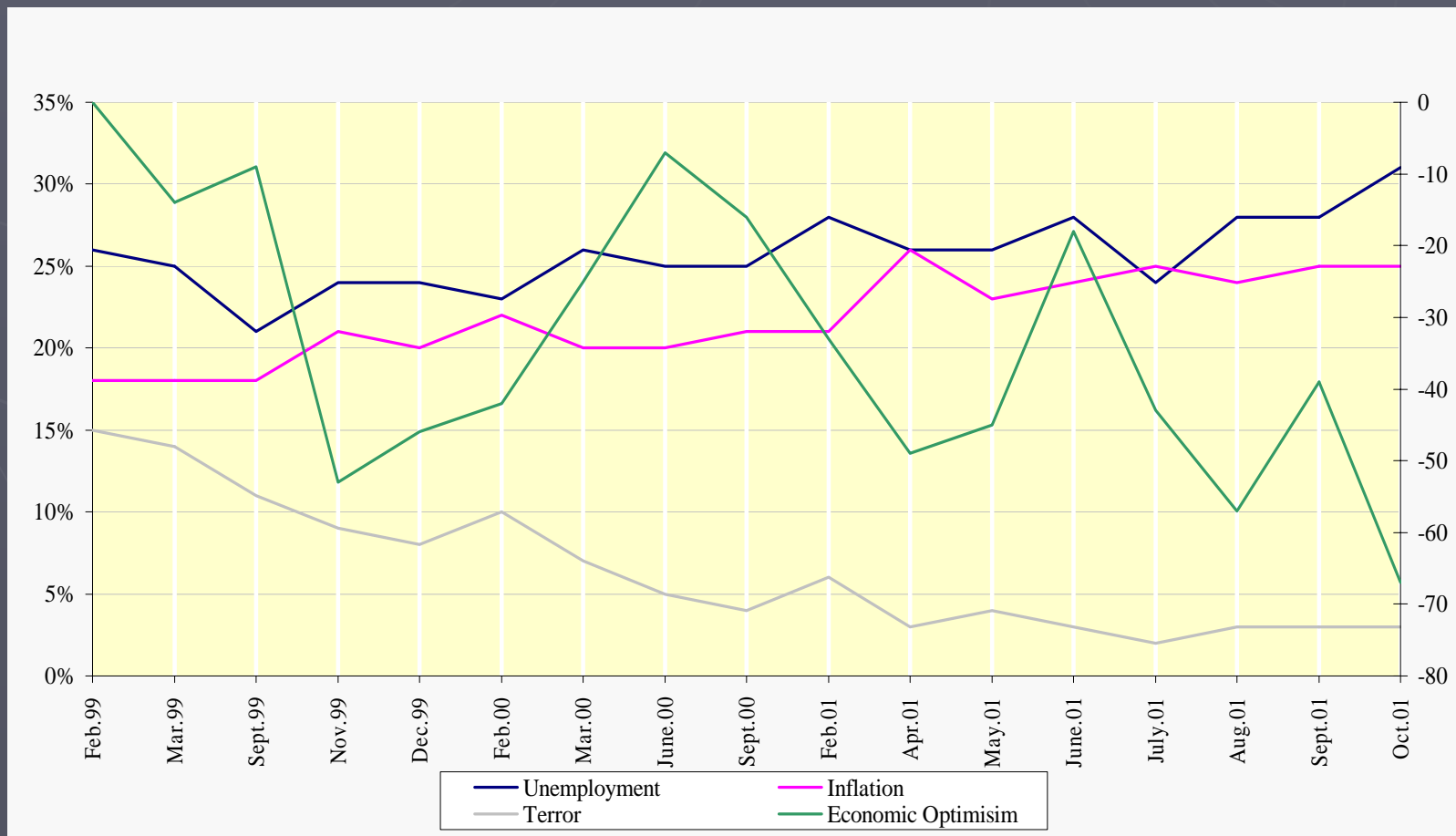


Priorities of General Public vs. Employees (Rankings)

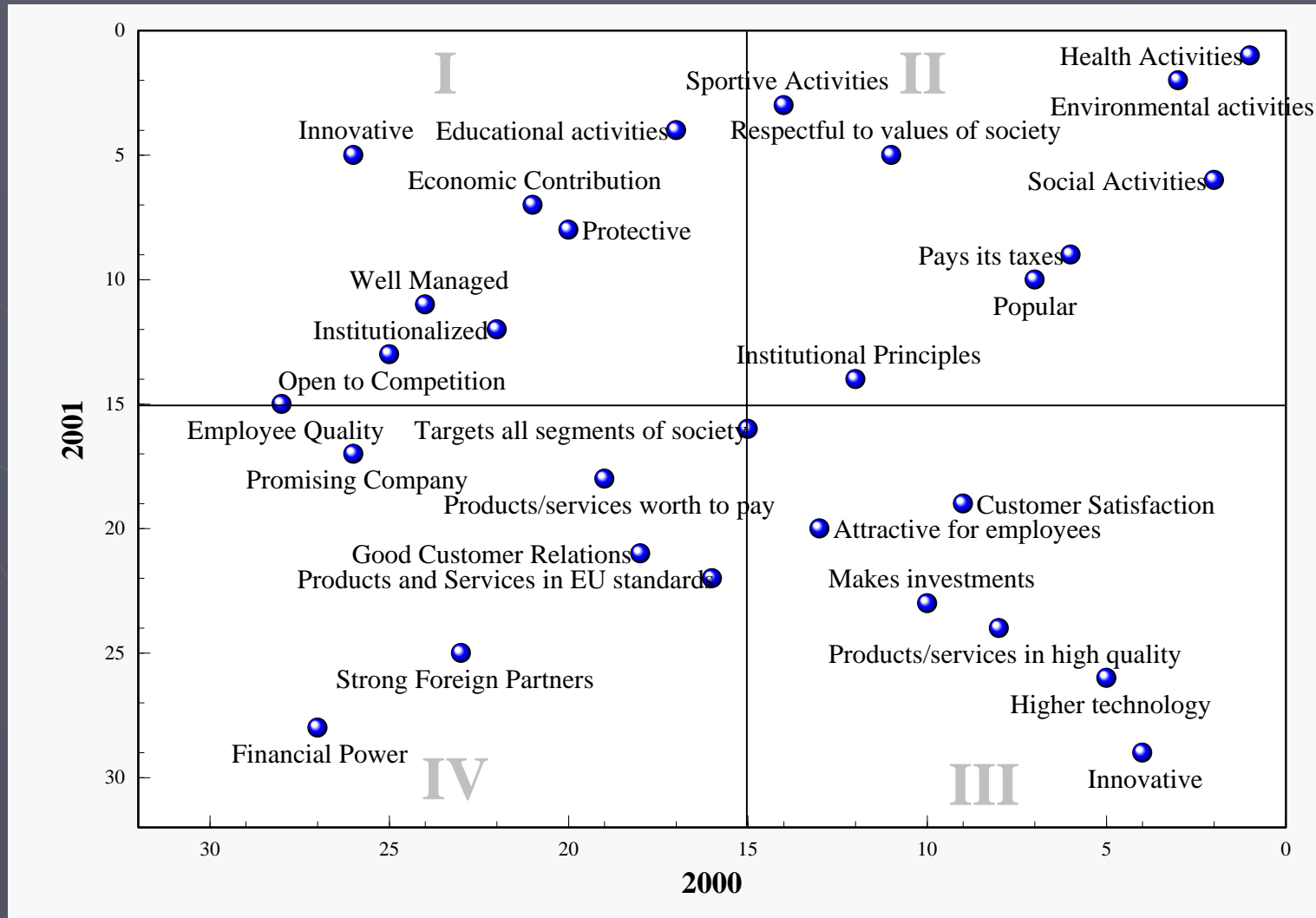


Changing Environment: 2000-2001

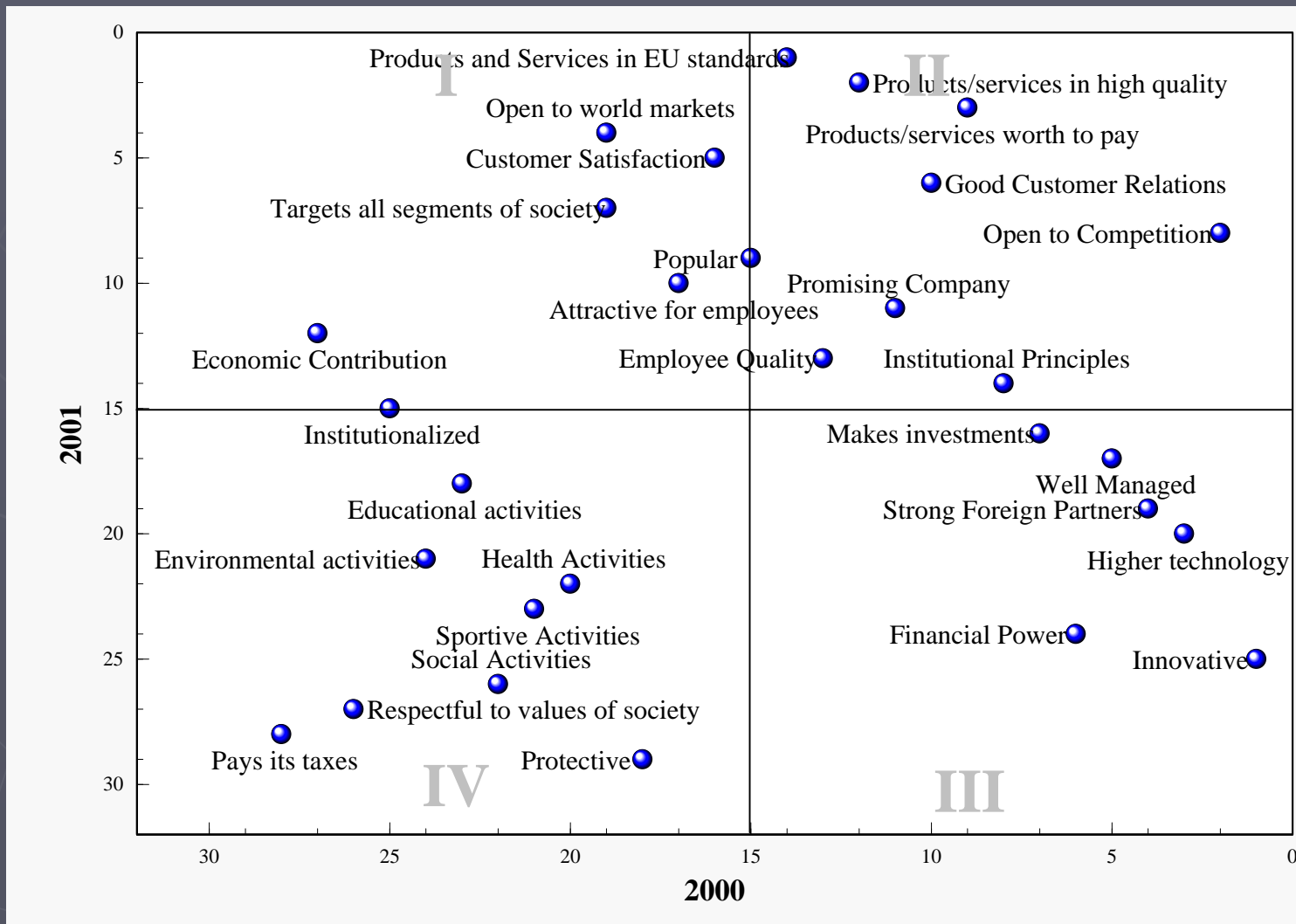
Most Serious Problems of the Country and Economic Optimism Index (Right scale)



Priorities of General Public (2000-2001, Rankings)



Priorities of Employees (2000-2001, Rankings)



From Numbers to Actions: Screenshot of the Software

Algilama Etkileşim Modeli - [simulator.aem]

Dosya Etkileşim Yardım

Urün/ hizmetleri ödenen fiyata değerdir

Değişken	Orijinal	Fark	Şu Anki
Beğeni	3.57	0.15	3.71
Tanıtma	3.97	0.02	3.99
Tavsiye	2.56	0.06	2.62
Yeniden Satılma	3.43	0.72	4.15

3.57 0.21 3.78 4.18

Ticari ve Toplumsal Sorumluluk Faktörleri

- Faktör 1
- Faktör 2
- Faktör 3
 - Urün/ hizmetleri ödenen fiyata değerdir
 - Rekabete açıktır
 - Spor, sanat ve kültürle ilgili faaliyet
 - Toplumun milli ve manevi değerleri
 - Eğitim ve öğretime katkıda bulunur
 - İlişkide bulunduğu grupların(bayiile
 - Kazancının bir kısmını toplumsal ya
 - Sağlık ve sağlık hizmetlerine katkıd
 - Çevre ve doğanın korunması ile ilgi
 - Çalışanları kalitelidir(çalışanlarına d
 - Güçlü yabancı ortaklıklara sahiptir
- Faktör 4

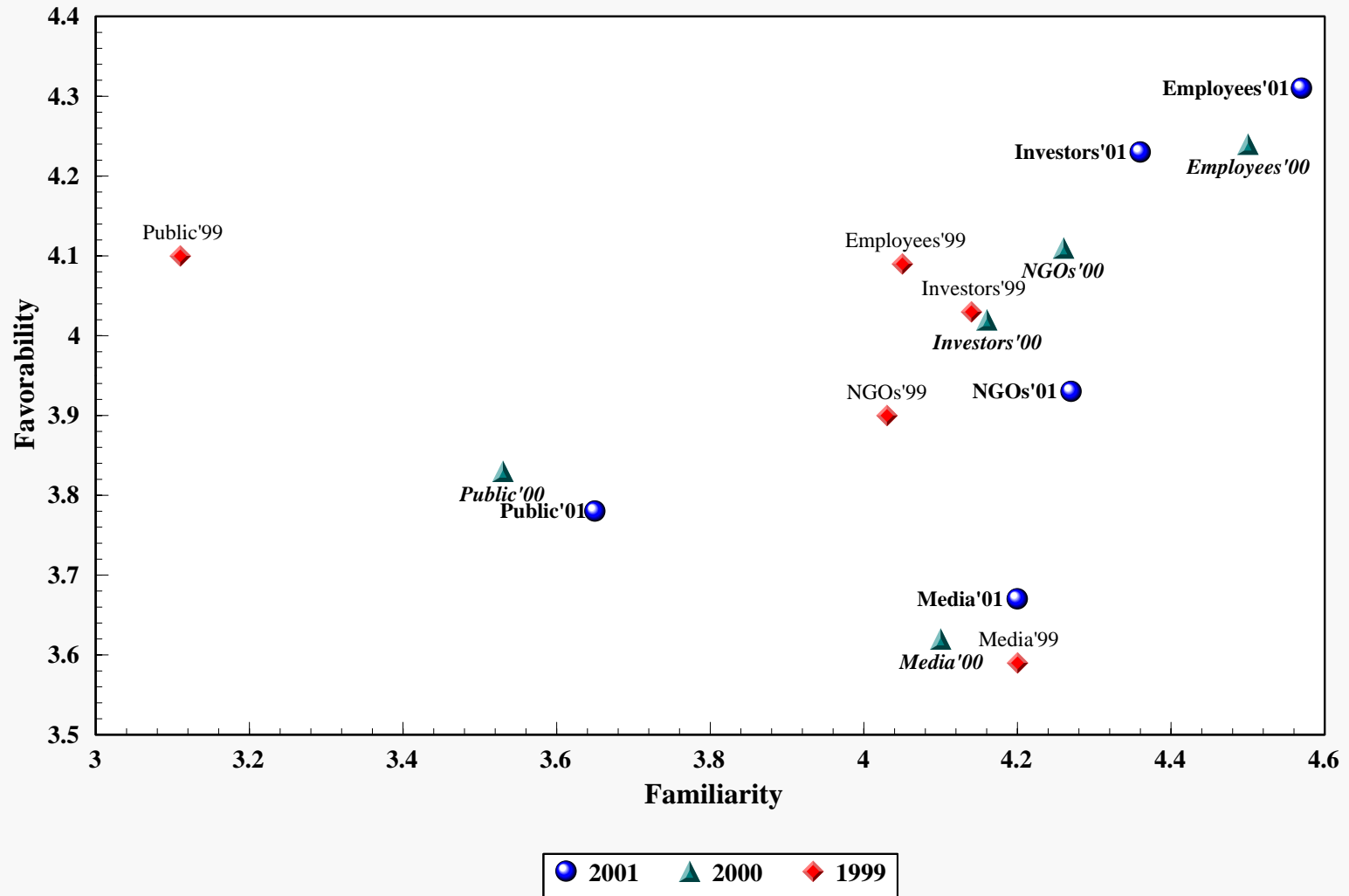
Bilgi Kaynakları Faktörleri

- Faktör 1
 - Toplumda ileri gelen meslek sahiple
 - Firmanın müşterileri
 - Üniversite hocaları/ akademisyenle
 - Internet
- Faktör 2
- Faktör 3
- Faktör 4
- Faktör 5

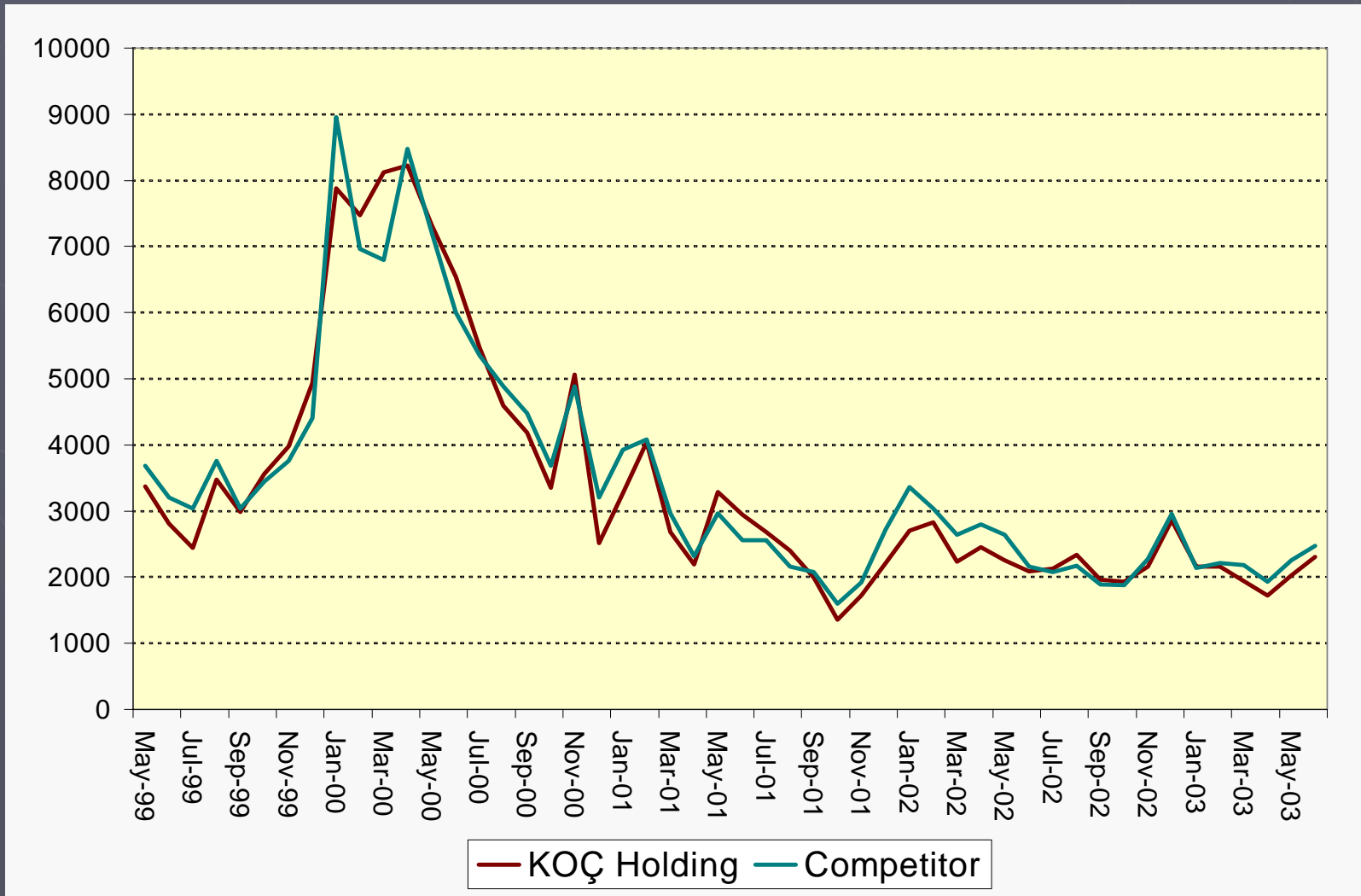
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Ticari ve Toplumsal Sorumluluk Faktörleri=>Faktör 3=>Urün/ hizmetleri ödenen fiyata değerdir

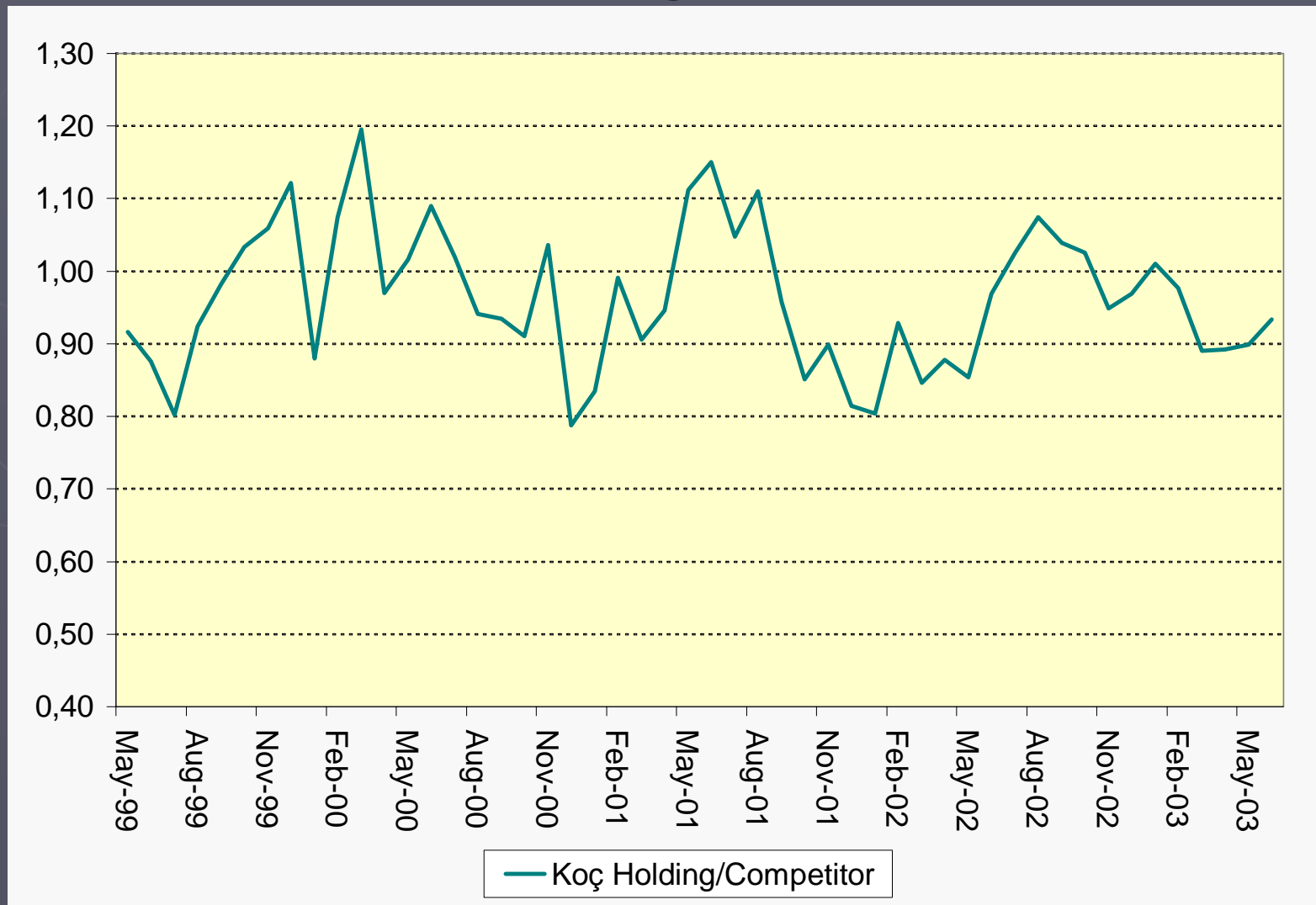
The Client Side: Results



Market Value: 1999-2002 (millions USD)



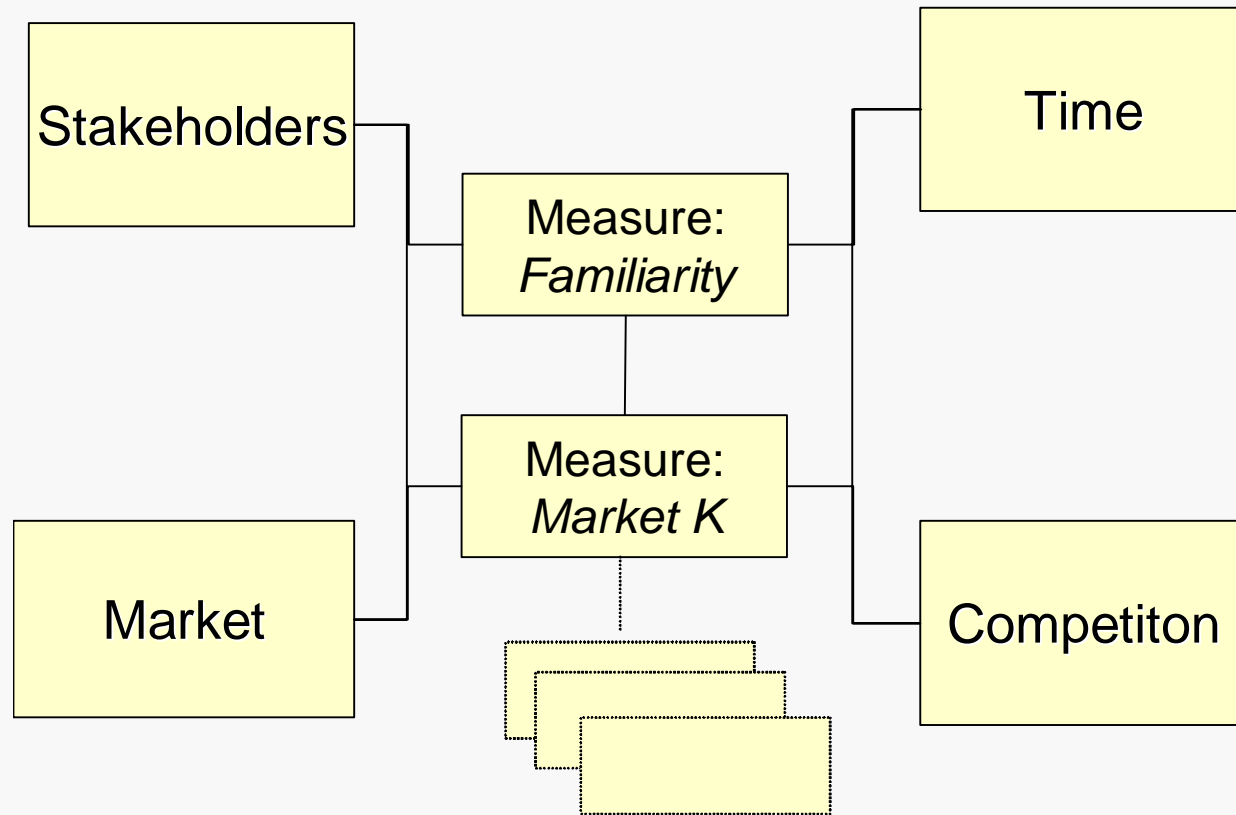
Market Value: 1999-2002 (Koç Holding/Competitor)



Lessons to Take...

- ▶ Professionals have to care about multiple market dynamics: Optimization;
- ▶ A comparable, standardized, normalized “metric” system is needed;
- ▶ Integration of internal and external data is a necessity through metrics;
- ▶ Institutionalization has to be brought forward with the close cooperation of academia and research professionals with the guidance of the ESOMAR.

Data Model: Metrics as Measures and Dimensions as Subjects



Questionnaire Example

▶ How **"familiar"** are **"you"** with these **"companies"**?

Date

Metric

Stakeholder

Competition

Time